

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date			Date Accountant Report Submitted to State:		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Alamo*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Alamo, Michigan**

**We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Alamo, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Alamo, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Alamo, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.**

**As described in Note 10, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.**

**The budgetary comparison information on pages 16 through 18, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.**

Board of Trustees  
Township of Alamo, Michigan  
Page 2

The Township of Alamo, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

*Siegfried Crandall P.C.*

October 21, 2005

## **BASIC FINANCIAL STATEMENTS**

**Township of Alamo**  
**STATEMENT OF NET ASSETS**  
March 31, 2005

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	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 510,155
Receivables, net	53,510
Prepaid expenses	<u>33,133</u>
Total current assets	<u>596,798</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>652,256</u>
Total assets	<u>1,249,054</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	50,739
Contract payable	<u>74,151</u>
Total current liabilities	<u>124,890</u>
<b>NET ASSETS</b>	
Invested in capital assets (net of related debt)	578,105
Restricted for public safety	126,121
Unrestricted	<u>419,938</u>
Total net assets	<u><u>\$ 1,124,164</u></u>

See notes to financial statements

**Township of Alamo**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

		<b>Program Revenues</b>			<b>Net (expenses) revenues and changes in net assets</b>
		<b>Charges for services</b>	<b>Operating grants and contributions</b>	<b>Capital grants and contributions</b>	<b>Governmental activities</b>
<b>Functions/Programs</b>	<b>Expenses</b>				
Governmental activities:					
Legislative	\$ 2,616	\$ -	\$ -	\$ -	\$ (2,616)
General government	166,321	44,886	-	-	(121,435)
Public safety	217,418	24,115	-	43,966	(149,337)
Public works	17,192	-	-	-	(17,192)
Community and economic development	9,172	6,100	-	-	(3,072)
Culture and recreation	5,432	-	-	-	(5,432)
Interest expense	4,301	-	-	-	(4,301)
<b>Total governmental activities</b>	<b>\$ 422,452</b>	<b>\$ 75,101</b>	<b>\$ -</b>	<b>\$ 43,966</b>	<b>(303,385)</b>
General revenues:					
Taxes					190,135
State grants					271,620
Interest and rentals					8,733
Other					4,709
<b>Total general revenues</b>					<b>475,197</b>
Change in net assets					171,812
Net assets - beginning					952,352
Net assets - ending					<b>\$ 1,124,164</b>

See notes to financial statements



**Township of Alamo**  
**BALANCE SHEET - governmental funds**  
March 31, 2005

	<u>General</u>	<u>Fire Truck</u>	<u>Total governmental funds</u>
<b>ASSETS</b>			
Cash	\$ 396,507	\$ 113,648	\$ 510,155
Receivables	47,122	6,388	53,510
Due from other funds	-	6,085	6,085
Prepays	<u>33,133</u>	<u>-</u>	<u>33,133</u>
Total assets	<u>\$ 476,762</u>	<u>\$ 126,121</u>	<u>\$ 602,883</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 50,739	\$ -	\$ 50,739
Due to other funds	<u>6,085</u>	<u>-</u>	<u>6,085</u>
Total liabilities	56,824	-	<u>56,824</u>
Fund balances	<u>419,938</u>	<u>126,121</u>	546,059
Total liabilities and fund balances	<u>\$ 476,762</u>	<u>\$ 126,121</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

652,256

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(74,151)

Net assets of *governmental activities*

\$ 1,124,164

See notes to financial statements

**Township of Alamo****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds***Year ended March 31, 2005*

	<u>General</u>	<u>Fire Truck Fund</u>	<u>Total governmental funds</u>
<b>REVENUES</b>			
Taxes	\$ 119,757	\$ 101,051	\$ 220,808
Licenses and permits	21,840	-	21,840
Federal grants	43,966	-	43,966
State grants	271,620	-	271,620
Charges for services	22,588	-	22,588
Interest and rentals	8,018	715	8,733
Other	4,709	-	4,709
	<u>492,498</u>	<u>101,766</u>	<u>594,264</u>
<b>EXPENDITURES</b>			
Legislative	2,616	-	2,616
General government	157,579	-	157,579
Public safety	160,996	-	160,996
Public works	72,193	-	72,193
Community and economic development	9,172	-	9,172
Culture and recreation	4,574	-	4,574
Capital outlay	111,055	-	111,055
Debt service:			
Principal	74,151	-	74,151
Interest	4,301	-	4,301
	<u>596,637</u>	<u>-</u>	<u>596,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(104,139)</u>	<u>101,766</u>	<u>(2,373)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	79,556	-	79,556
Transfers out	-	(79,556)	(79,556)
	<u>79,556</u>	<u>(79,556)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(24,583)	22,210	(2,373)
<b>FUND BALANCES - BEGINNING</b>	<u>444,521</u>	<u>103,911</u>	<u>548,432</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 419,938</u>	<u>\$ 126,121</u>	<u>\$ 546,059</u>

*See notes to financial statements*

**Township of Alamo**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds (Continued)**

*Year ended March 31, 2005*

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	<b><i>Total governmental funds</i></b>
	<hr/>
Net change in fund balances - total governmental funds	\$ (2,373)
 Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(163,634) exceeded depreciation \$(63,600) in the current period.	
	100,034
 Repayment of contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	<hr/> 74,151
Change in net assets of <i>governmental activities</i>	<hr/> \$ 171,812

*See notes to financial statements*

***Township of Alamo***  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Alamo, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

***a) Reporting entity:***

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

***b) Government-wide and fund financial statements:***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

***c) Measurement focus, basis of accounting, and financial statement presentation:***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Alamo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):**

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Truck Fund accounts for the financial resources used for the capital acquisition costs of the Township's fire protection functions. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**d) *Assets, liabilities, and net assets or equity:***

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets (other than infrastructure) with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	10 - 15 years
Roads	20 years

**Township of Alamo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

d) *Assets, liabilities, and net assets or equity (continued):*

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. The Township had the following significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Elections	\$ 3,575	\$ 6,380	\$ (2,805)
		Cemetery	17,092	20,007	(2,915)
	Public safety	Fire protection	104,315	118,731	(14,416)
	Public works	Highways and streets	37,500	58,871	(21,371)
	Capital outlay	Capital outlay	17,500	111,055	(93,555)

**NOTE 3 - CASH AND INVESTMENTS:**

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$510,155 and a bank balance of \$560,444. Of the bank balance, \$100,000 is covered by federal depository insurance and \$460,444 is uninsured.

**Township of Alamo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 7,450	\$ 39,672	\$ 47,122
Fire Truck	6,388	-	6,388
	<u>\$ 13,838</u>	<u>\$ 39,672</u>	<u>\$ 53,510</u>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated - land	\$ 66,883	\$ -	\$ -	\$ 66,883
Capital assets being depreciated:				
Buildings	184,562	45,405	-	229,967
Equipment and vehicles	859,486	61,576	-	921,062
Infrastructure	-	56,653	-	56,653
Subtotal	<u>1,044,048</u>	<u>163,634</u>	<u>-</u>	<u>1,207,682</u>
Less accumulated depreciation for:				
Buildings	121,096	6,662	-	127,758
Equipment and vehicles	437,613	55,286	-	492,899
Infrastructure	-	1,652	-	1,652
Subtotal	<u>558,709</u>	<u>63,600</u>	<u>-</u>	<u>622,309</u>
Total capital assets being depreciated, net	<u>485,339</u>	<u>100,034</u>	<u>-</u>	<u>585,373</u>
Governmental activities capital assets, net	<u>\$ 552,222</u>	<u>\$ 100,034</u>	<u>\$ -</u>	<u>\$ 652,256</u>

**Township of Alamo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 8,743
Public safety	52,347
Public works	1,652
Recreation and cultural	<u>858</u>
Total governmental activities	<u>\$ 63,600</u>

**NOTE 6 - PAYABLES:**

	<u>Accounts</u>	<u>Payroll</u>	<u>Other</u>	<u>Total</u>
General Fund	<u>\$ 42,371</u>	<u>\$ 5,971</u>	<u>\$ 2,397</u>	<u>\$ 50,739</u>

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

A summary of interfund transfers for the year ended March 31, 2005, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	<u>\$ 79,556</u>	Fire Truck	<u>\$ 79,556</u>

The transfers to the General Fund represent restricted revenues collected in special revenue funds to pay for debt service costs accounted for in the General Fund.

**NOTE 5 - LONG-TERM DEBT:**

The Township entered into an installment purchase agreement with Fifth Third Bank on January 24, 2003, for the purchase of a fire truck. The agreement consists of a loan of \$222,452 bearing interest at 2.90%; annual principal payments of \$74,151, plus interest beginning December 30, 2003; final payment due on December 30, 2005. The balance was paid off early in July, 2005.

A summary of long-term debt activity is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>	<u>Amount due due within one year</u>
Installment contract payable	<u>\$ 148,302</u>	<u>\$ -</u>	<u>\$ (74,151)</u>	<u>\$ 74,151</u>	<u>\$ 74,151</u>



**Township of Alamo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 21,840
Expenses	<u>(42,265)</u>
Deficiency of revenues over expenses	<u>\$ (20,425)</u>

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported:	
General and special revenue fund balances	\$ 548,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	552,222
Contracts payable are not due and payable in the current period and, therefore, are not reported in the funds	<u>(148,302)</u>
Net assets, as restated	<u>\$ 952,352</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Alamo**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 108,972	\$ 108,972	\$ 119,757	\$ 10,785
Licenses and permits	19,000	19,000	21,840	2,840
Federal grant	-	-	43,966	43,966
State grants	274,000	274,000	271,620	(2,380)
Charges for services	14,990	14,990	22,588	7,598
Interest and rentals	6,400	6,400	8,018	1,618
Other	749	749	4,709	3,960
Total revenues	<u>424,111</u>	<u>424,111</u>	<u>492,498</u>	<u>68,387</u>
<b>EXPENDITURES</b>				
Legislative	<u>3,309</u>	<u>3,309</u>	<u>2,616</u>	<u>693</u>
General government:				
Supervisor	21,086	21,086	16,540	4,546
Clerk	20,899	20,899	18,513	2,386
Treasurer	25,967	25,967	23,654	2,313
Assessor	27,092	27,092	21,034	6,058
Board of review	1,539	1,539	1,238	301
Election	3,575	3,575	6,380	(2,805)
Hall and grounds	15,270	15,270	10,950	4,320
Cemetery	17,092	17,092	20,007	(2,915)
Other	39,828	39,828	39,263	565
Total general government	<u>172,348</u>	<u>172,348</u>	<u>157,579</u>	<u>14,769</u>
Public safety:				
Fire protection	104,315	104,315	118,731	(14,416)
Building inspection	44,324	44,324	42,265	2,059
Total public safety	<u>148,639</u>	<u>148,639</u>	<u>160,996</u>	<u>(12,357)</u>
Public works:				
Highways and streets	37,500	37,500	58,871	(21,371)
Street lights	4,350	4,350	3,908	442
Recycling and clean-up	9,000	9,000	9,414	(414)
Total public works	<u>50,850</u>	<u>50,850</u>	<u>72,193</u>	<u>(21,343)</u>

**Township of Alamo****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	<u>\$ 19,239</u>	<u>\$ 19,239</u>	<u>\$ 9,172</u>	<u>\$ 10,067</u>
Recreation and culture:				
Parks and recreation	<u>2,950</u>	<u>2,950</u>	<u>2,813</u>	<u>137</u>
Museum	<u>4,599</u>	<u>4,599</u>	<u>1,761</u>	<u>2,838</u>
Total recreation and culture	<u>7,549</u>	<u>7,549</u>	<u>4,574</u>	<u>2,975</u>
Capital outlay	<u>17,500</u>	<u>17,500</u>	<u>111,055</u>	<u>(93,555)</u>
Debt service - principal	<u>74,151</u>	<u>74,151</u>	<u>74,151</u>	<u>-</u>
Debt service - interest	<u>4,301</u>	<u>4,301</u>	<u>4,301</u>	<u>-</u>
Total expenditures	<u>497,886</u>	<u>497,886</u>	<u>596,637</u>	<u>(98,751)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(73,775)</u>	<u>(73,775)</u>	<u>(104,139)</u>	<u>(30,364)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>79,556</u>	<u>79,556</u>	<u>79,556</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>5,781</u>	<u>5,781</u>	<u>(24,583)</u>	<u>(30,364)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>444,521</u>	<u>444,521</u>	<u>444,521</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 450,302</u>	<u>\$ 450,302</u>	<u>\$ 419,938</u>	<u>\$ (30,364)</u>

**Township of Alamo**  
**BUDGETARY COMPARISON SCHEDULE - Fire Truck Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 93,000	\$ 93,000	\$ 101,051	\$ 8,051
Interest	<u>-</u>	<u>-</u>	<u>715</u>	<u>715</u>
Total revenues	93,000	93,000	101,766	8,766
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(79,556)</u>	<u>(79,556)</u>	<u>(79,556)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	13,444	13,444	22,210	8,766
<b>FUND BALANCE - BEGINNING</b>	<u>103,911</u>	<u>103,911</u>	<u>103,911</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 117,355</u>	<u>\$ 117,355</u>	<u>\$ 126,121</u>	<u>\$ 8,766</u>

**Board of Trustees  
Township of Alamo, Michigan**

In planning and performing our audit of the basic financial statements of the Township of Alamo, Michigan, for the year ended March 31, 2005, we considered its internal control in order to determine our audit procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

The following are reportable conditions that were noted during the audit:

- The Township's accounting records included numerous recording and classification errors that were not corrected in a timely manner.
  - Transfers between bank accounts aggregating \$176,000 were either improperly recorded or not recorded at all.
  - Deposits of \$43,966 were not recorded in the proper period.
- The Township expended more than the amount budgeted in numerous activity areas and did not amend the budget as needed.

This report is intended solely for the information and use of the Township Board, management, and the Michigan Department of Treasury and is not intended to be, and should not be, used by anyone other than these specified parties.

*Siegfried Crandall P.C.*

October 21, 2005